

OXYGENATED GASOLINE PROGRAM "CHECKLIST"

As requested, FOSD has drafted this "checklist" to assist anyone reviewing a state oxygenated gasoline program. The following components are the basic key elements of a good oxy reg, assuming an averaging program. The items on this list are simply to be used as a checklist; Please consult both the Notices of Proposed Guidelines for Oxygenated Gasoline Credit Averaging Programs and the Implementation Guidelines for the details behind these listed components.

- **Definitions**

Definition section should include the following terms: oxygenate, gasoline, oxygenated gasoline, "substantially similar," the terms for the specific parties in the gasoline distribution network (CAR, blender CAR, retailer), etc. The federal guidelines should be followed as closely as possible.

- **Program Scope**

The control area's boundaries should be defined. All gasoline sold or dispensed for use in the control area should be controlled through these oxygenated gasoline programs. In averaging programs, oxygen credits may only be used and traded in the control area in which they were created.

- **Program Specifics**

All averaging programs should provide for a minimum oxygen level of 2.0% by weight for every gallon of gasoline. Each state's program should describe how oxygen credits are generated and computed through sample calculations.

- **Effective Dates**

New programs should begin on November 1, 1992, existing programs may begin sooner. Start dates for subsequent years should be specified, depending on EPA-designated control periods. The averaging period's dates should also be specified if they differ from those of the control period.

- **Registration requirements**

All parties intending to trade oxygen credits should be required to register at least 30 days in advance of any control season. Upon state approval, CAR identification numbers should be issued by the state. No party should be able to generate, trade, buy or sell credits without that ID number. Parties should be allowed to register mid-control season and start participating in credit averaging once approved by the state.

- **Recordkeeping requirements**

Records should be retained by all parties in the gasoline distribution system. Refiners and importers should keep results of all tests performed. Carriers and distributors should retain copies of the transfer documents it handles. CARS and blender CARS should keep quality assurance test results and transfer documents. Retailers should keep all invoices and transfer documents. All documents should be retained at least as long as the state's statute of limitations lasts.

- **Transfer document requirements**

Documents must accompany all shipments of gasoline which enter a control area. These documents should accurately describe the oxygen type and content of the gasoline.

- **Reports submitted to states**

All CARS and blender CARS should submit compliance reports to the state no later than 30 days following the end of each averaging period. These reports should detail oxygen credit transactions and prove compliance.

- **Attestation engagements and reports**

Each party in the gasoline distribution network which opts for the averaging program should commission an independent CPA to perform an attestation engagement at the end of every control period. The independent practitioner should verify compliance with the 2.7% oxygen content average, and send a report to the state.

- **Facility Inspections**

During each control period, at least 20% of all parties in the gasoline distribution network should be inspected to monitor compliance with the oxygenated gasoline regulations. Inspections should consist of both record review and product sampling.

- **Penalty schedule**

Each state should devise its own comprehensive penalty schedule. Penalties should reflect the severity of a party's violation, the compliance history of the party, as well as the potential environmental harms associated with the violation. Ideally, state enforcement authorities will have the power to stop the sale of offending gasoline, as well as impose fines.

- **Testing standards**

Each state should determine how it would like to control the test methods being used in the state by regulated parties, as well as by independent laboratories. At this time, three different testing possibilities exist: ASTM, EPA's new method, or individual methods which would need to be approved by EPA.

- **Labelling**

Each state should, at a minimum, require that all pumps dispensing oxygenated gasoline be labeled with statements identical to that in the federal rule (Federal Register, July 19, 1991). States may require that more information be included on the labels.

- **Variance Provisions**

Each state may decide to include variance language in their rules, allowing the parties in the gasoline distribution network some flexibility should an unforeseeable disaster disrupt the supply of oxygenates into any control area. This variance must be of a very limited scope.

